

Alma Public Schools

Alma, Michigan

**Annual Financial Statements
and
Auditors' Report**

June 30, 2006

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Alma Public Schools
Members of the Board of Education and Administration
June 30, 2006

Members of the Board of Education

Art McClintic, President

Anthony Costanzo, Vice President

Marcia Huntoon, Treasurer

Sue Wheeler, Secretary

Steve Block, Trustee

Dr. C. Jeffrey Holmes, Trustee

David Justin, Trustee

Administration

Don Pavlik, Superintendent

Mark Jacobs, Director of Finance

Independent Auditors' Report

To the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Alma Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of June 30, 2006, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2006, on our consideration of the Alma Public Schools' internal control over financial reporting and on our tests of its provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The administration's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of the administration regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alma Public Schools' basic financial statements. The accompanying other supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Yeo & Yeo, P.C.

Alma, Michigan
August 11, 2006

ADMINISTRATION 'S DISCUSSION AND ANALYSIS

Alma Public School District

Administration 's Discussion and Analysis

This section of the Alma Public School District annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2006. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Alma Public School District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds—the General Fund and the 2003 Capital Projects Fund with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The annual report is arranged as follows:

Administration's Discussion and Analysis
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplementary Information

Alma Public School District

Administration 's Discussion and Analysis (continued)

Reporting the School District as a Whole – Government -wide Financial Statements

The statement of net assets and the statement of activities, which appear first in the School District's financial statements, report information about the School District as a whole using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The statement of net assets includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

These two statements report the School District's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the School District's financial health, or position. Over time, increases or decreases in the School District's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the School District.

The statement of net assets and statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service and Athletics Funds are examples) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Alma Public School District
Administration 's Discussion and Analysis (continued)

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee – Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for its student activity funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Alma Public School District
Administration 's Discussion and Analysis (continued)

The School District as a Whole

Net Assets

The district's combined net assets are reflected in Table 1. The decline in current assets is related to spending bond proceeds on voter approved building improvements and new construction. This 24.2 million project started in the spring of 2004 and will continue through 2007. The construction to date is reflected in the increase in property and equipment. The increase in total net assets is discussed in conjunction with Table 2.

TABLE 1	Governmental Activities (In Millions)	
	2006	2005
Assets		
Current and other assets	\$ 11,554,000	\$ 23,378,000
Property and equipment	<u>32,361,000</u>	<u>21,459,000</u>
Total assets	<u>43,915,000</u>	<u>44,837,000</u>
Liabilities		
Current liabilities	5,012,000	5,556,000
Long-term liabilities	<u>28,649,000</u>	<u>29,491,000</u>
Total liabilities	<u>33,661,000</u>	<u>35,047,000</u>
Net Assets		
Invested in property and equipment – net of related debt	9,692,000	9,074,000
Restrict ed	98,000	72,000
Unrestricted	<u>465,000</u>	<u>644,000</u>
Total net assets	<u>\$10,255,000</u>	<u>\$ 9,790,000</u>

Alma Public School District
Administration 's Discussion and Analysis (continued)

The School District's net assets were \$10,255,000 at June 30, 2006. Capital assets, net of related debt totaling \$9,692,000 compares the original cost, less depreciation of the School District's capital assets to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net assets are reported separately to show legal constraints from enabling legislation that limit the School District's ability to use those net assets for day-to-day operations. The remaining amount of net assets \$465,000 was unrestricted.

The \$465,000 in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The unrestricted net assets balance enables the School District to meet working capital and cash flow requirements as well as provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2006.

Alma Public School District
Administration 's Discussion and Analysis (continued)

TABLE 2

	Governmental <u>Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenue		
Program revenue:		
Charges for services	\$ 992,000	\$ 952,000
Operating grants and contributions	4,679,000	4,218,000
Capital grants and contributions	29,000	263,000
General revenue:		
Property taxes	3,829,000	3,744,000
State foundation allowance	14,203,000	14,183,000
Other	<u>700,000</u>	<u>861,000</u>
Total revenue	<u>24,432,000</u>	<u>24,221,000</u>
Functions/Professional Expenses		
Instruction	13,334,000	13,998,000
Support services	7,709,000	8,010,000
Food services	811,000	757,000
Athletics	578,000	597,000
Community services	217,000	303,000
Interest on long-term debt	<u>1,318,000</u>	<u>1,332,000</u>
Total expenses	<u>23,967,000</u>	<u>24,997,000</u>
Increase (Decrease) in Net Assets	<u>\$ 465,000</u>	<u>\$ (776,000)</u>

Alma Public School District

Administration 's Discussion and Analysis (continued)

Revenues for the district's governmental activities increased 0.9% due to an increase in operating grants. Total expenses decreased 4.1%. The significant reason for this decrease was a reduction in non-capitalized assets in the amount of \$903,000. Non capitalized assets are reflected as expenses in the statement of activities and directly reduce net assets.

The School District experienced an increase in net assets for the year of \$465,000. This was in contrast to a prior year decrease of \$776,000. This change was due to the reasons stated above plus a smaller operating deficit in the General Fund. The reduction in the General Fund deficit was accomplished thru budget reductions.

Since property taxes for operations and unrestricted State aid constitute the vast majority of School District operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available unrestricted resources.

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$7,834,000, which is a decrease of \$11,410,000 from last year. Of this decrease \$11,078,000 was attributable to the 2003 Capital Project Fund, which account for the 2003 bond proceeds.

In the General Fund, our principal operating fund, the fund balance decreased \$334,000 to \$1,651,000. The unrestricted portion of the fund balance actually decreased \$360,000 to \$1,521,000, or approximately 7.1% of budgeted expenses.

The General Fund balance is available to fund costs related to allowable school operating purposes.

Our Special Revenue Funds fund balance was stable for the year. These funds are supported by General Fund transfers to cover any deficits and are maintained at minimal levels.

The Debt Service Funds fund balance was stable at an amount of \$54,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Fund balances are reserved since they can only be used to pay debt service obligations. Millage rates were set at 7.0 mills for 2006 to fund debt service on the 2003 Capital Bonds and 2000 Refunding Bonds.

Alma Public School District
Administration 's Discussi on and Analysis (continued)

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year-end. (A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements).

Changes to the General Fund original budget were as follows:

Budgeted revenues increased \$493,000 which is a 2.4% increase compared to the original budget. The net increase was due to additional Federal and State grant revenue approved during the year.

Budgeted expenditures increased \$983,000 which is a 5.0% increase compared to the original budget. The changes were due to the increase in expenditures related to employee contract settlements reached after adoption of the original budget, additional grant funded expenditures and increases in utility costs after the original budget adoption.

Actual revenues were \$46,000 less than the final budgeted amounts, which is a 0.2% decrease over the final budgeted amount. This decrease was mostly due to federal revenue for counseling grants, which were unspent. The overall difference was not significant.

Actual expenditures were \$102,000 less than the final budgeted amounts, which is a 0.5% decrease. This decrease was attributable to Federal grant funds that were budgeted but not spent at year end. Also actual expenditures were generally lower than anticipated across most budget functions. This overall difference was not significant.

Alma Public School District
Administration 's Discussion and Analysis (continued)

Capital Assets and Debt Administration

Capital Assets

At June 30, 2006, the School District had \$32,361,000 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of approximately \$10,901,000, or 51 % from last year.

	<u>2006</u>	<u>2005</u>
Assets not being depreciated		
Land	\$ 723,000	\$ 723,000
Construction in progress	12,586,000	1,074,000
Building and building improvements	26,476,000	26,279,000
Furniture and equipment	7,730,000	7,773,000
Buses and other vehicles	<u>1,181,000</u>	<u>1,335,000</u>
Total capital assets	48,696,000	37,184,000
Less accumulated depreciation	<u>(16,335,000)</u>	<u>(15,724,000)</u>
Net capital assets	<u>\$ 32,361,000</u>	<u>\$ 21,460,000</u>

This year's additions of \$11,982,000 included primarily building additions and renovations and site improvements funded by 2003 Building and Site bond proceeds. The other additions included equipment, technology, furniture and renovations, which were funded from grants and general revenues.

Alma Public School District
Administration's Discussion and Analysis (continued)

Debt

At the end of this year the School District's General Obligation Bonds outstanding decreased \$1,090,000 due to scheduled principal payments.

	June 30, 2006	June 30, 2005
2000 Energy Bonds	\$ 860,000	\$ 930,000
2000 Refunding Bonds	3,740,000	4,200,000
2003 Building & Site Bond	<u>23,075,000</u>	<u>23,635,000</u>
	\$ <u>27,675,000</u>	\$ <u>28,765,000</u>

Other obligations include capital leases, other bonds and contracts payable as well as accrued compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2007 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2007 fiscal year is 25 percent and 75 percent of the February 2006 and September 2006 student counts, respectively. The 2007 budget was adopted in June 2006, based on an estimate of students that will be enrolled in September 2006. Approximately 68 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2007 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2007 budget. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue-estimating conference to estimate revenues. The State foundation amount per pupil increased 2.6% in 2005-06, the first increase in four years. This has put a strain on budgets due to increasing employee benefit costs and mandated retirement contributions increases.

Alma Public School District
Administration 's Discussion and Analysis (continued)

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department at 1500 North Pine Avenue, Alma, Michigan 48801.

BASIC FINANCIAL STATEMENTS

Alma Public Schools
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$ 740,415
Taxes receivable	696
Accounts receivable	297,483
Due from other governmental units	3,208,196
Inventory	69,500
Investments	7,041,900
Prepaid items	30,551
Other assets	165,717
Capital assets not being depreciated	13,309,344
Capital assets - net of accumulated depreciation	<u>19,051,536</u>
 Total assets	 <u>43,915,338</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	126,487
State aid anticipation note payable	1,500,000
Due to other governmental units	89,981
Payroll deductions and withholdings	121,498
Accrued expenditures	862,100
Accrued salaries payable	862,673
Deferred revenue	224,408
Noncurrent liabilities	
Due within one year	1,224,322
Due in more than one year	<u>28,649,163</u>
Total liabilities	<u>33,660,632</u>
Net Assets	
Invested in capital assets, net of related debt	9,692,236
Restricted for:	
Debt service	54,428
Contributions	43,262
Unrestricted	<u>464,780</u>
Total net assets	<u>\$ 10,254,706</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Statement of Activities
For the Year Ended June 30, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 13,333,795	\$ 362,964	\$ 3,731,150	\$ 14,751	\$ (9,224,930)
Supporting services	7,709,637	88,468	460,480	-	(7,160,689)
Food services	810,880	292,539	469,056	-	(49,285)
Athletic activities	577,837	109,716	3,335	14,393	(450,393)
Community services	216,778	138,443	14,803	-	(63,532)
Interest on long-term debt	<u>1,317,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,317,816)</u>
Total governmental activities	<u>\$ 23,966,743</u>	<u>\$ 992,130</u>	<u>\$ 4,678,824</u>	<u>\$ 29,144</u>	<u>(18,266,645)</u>
General revenues					
Property taxes, levied for general purposes					1,861,710
Property taxes, levied for debt service					1,966,614
State aid - unrestricted					14,202,626
Interest and investment earnings					679,176
Other					<u>21,139</u>
Total general revenues					<u>18,731,265</u>
Change in net assets					464,620
Net assets - beginning					<u>9,790,086</u>
Net assets - ending					<u>\$ 10,254,706</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Governmental Funds
Balance Sheet
June 30, 2006

	General Fund	2003 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 658,872	\$ -	\$ 81,543	\$ 740,415
Taxes receivable	696	-	-	696
Accounts receivable	213,347	-	-	213,347
Due from other funds	97,888	13,124	7,700	118,712
Due from other governmental units	3,208,196	-	-	3,208,196
Inventory	59,737	-	9,763	69,500
Investments	915,134	6,126,766	-	7,041,900
Prepaid items	26,777	-	3,774	30,551
Total assets	<u>\$ 5,180,647</u>	<u>\$ 6,139,890</u>	<u>\$ 102,780</u>	<u>\$ 11,423,317</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 104,379	\$ 11,848	\$ 10,260	\$ 126,487
State aid anticipation note payable	1,500,000	-	-	1,500,000
Due to other funds	-	-	34,576	34,576
Due to other governmental units	87,305	-	2,676	89,981
Payroll deductions and withholdings	121,498	-	-	121,498
Accrued expenditures	629,472	-	-	629,472
Accrued salaries payable	862,673	-	-	862,673
Deferred revenue	224,408	-	-	224,408
Total liabilities	<u>3,529,735</u>	<u>11,848</u>	<u>47,512</u>	<u>3,589,095</u>
Fund Balance				
Reserved for inventory	59,737	-	-	59,737
Reserved for prepaid items	26,777	-	-	26,777
Reserved for debt service	-	-	54,428	54,428
Reserved for capital projects	-	6,128,042	-	6,128,042
Reserved for contributions	43,262	-	-	43,262
Other undesignated	1,521,136	-	840	1,521,976
Total fund balance	<u>1,650,912</u>	<u>6,128,042</u>	<u>55,268</u>	<u>7,834,222</u>
Total liabilities and fund balance	<u>\$ 5,180,647</u>	<u>\$ 6,139,890</u>	<u>\$ 102,780</u>	<u>\$ 11,423,317</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds	\$ 7,834,222
Total net assets for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	13,309,344
Capital assets - net of accumulated depreciation	19,051,536
Other long-term assets are not deferred in the governmental funds.	165,717
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(232,628)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.	
Compensated absences	(1,076,799)
Bonds payable	(27,880,005)
School bond loan payable	(545,000)
Other loans payable and liabilities	<u>(371,681)</u>
Net assets of governmental activities	<u>\$ 10,254,706</u>

Alma Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2006

	General Fund	2003 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 2,204,339	\$ 602,238	\$ 2,476,911	\$ 5,283,488
State sources	16,569,724	-	79,900	16,649,624
Federal sources	963,902	-	408,608	1,372,510
Interdistrict sources	<u>1,111,551</u>	<u>-</u>	<u>-</u>	<u>1,111,551</u>
Total revenues	<u>20,849,516</u>	<u>602,238</u>	<u>2,965,419</u>	<u>24,417,173</u>
Expenditures				
Current				
Education				
Instruction	12,663,725	-	-	12,663,725
Supporting services	7,324,828	-	-	7,324,828
Food services	-	-	798,397	798,397
Athletic activities	-	-	561,882	561,882
Community services	126,990	-	85,764	212,754
Capital outlay	361,095	11,680,187	12,571	12,053,853
Debt service				
Principal	152,753	-	1,036,805	1,189,558
Interest and other expenditures	<u>69,381</u>	<u>-</u>	<u>1,237,069</u>	<u>1,306,450</u>
Total expenditures	<u>20,698,772</u>	<u>11,680,187</u>	<u>3,732,488</u>	<u>36,111,447</u>
Excess (deficiency) of revenues over expenditures	<u>150,744</u>	<u>(11,077,949)</u>	<u>(767,069)</u>	<u>(11,694,274)</u>
Other Financing Sources (Uses)				
Proceeds from school bond loan fund	-	-	270,000	270,000
Proceeds from sale of capital assets	14,190	-	-	14,190
Transfers in	-	-	498,836	498,836
Transfers out	<u>(498,836)</u>	<u>-</u>	<u>-</u>	<u>(498,836)</u>
Total other financing sources (uses)	<u>(484,646)</u>	<u>-</u>	<u>768,836</u>	<u>284,190</u>
Net change in fund balance	(333,902)	(11,077,949)	1,767	(11,410,084)
Fund balance - beginning	<u>1,984,814</u>	<u>17,205,991</u>	<u>53,501</u>	<u>19,244,306</u>
Fund balance - ending	<u>\$ 1,650,912</u>	<u>\$ 6,128,042</u>	<u>\$ 55,268</u>	<u>\$ 7,834,222</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2006

Net change in fund balances - Total governmental funds	\$ (11,410,084)
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Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(1,005,632)
Capital outlay	11,981,898
Sale of capital assets (net book value)	(27,832)

Expenses are recorded when incurred in the statement of activities.

Interest	(5,113)
Compensated absences	18,078

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued	(270,000)
Repayments of long-term debt	1,189,558
Amortization of bond discount	(6,253)

Change in net assets of governmental activities	<u>\$ 464,620</u>
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Alma Public Schools
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2006

	<u>Private Purpose Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash	<u>\$ 7,177</u>	<u>\$ 268,388</u>
Liabilities		
Due to other funds	-	84,136
Due to agency fund activities	<u>-</u>	<u>184,252</u>
Total liabilities	<u>-</u>	<u>\$ 268,388</u>
Net Assets		
Reserved for scholarships and loans	<u>\$ 7,177</u>	

See Accompanying Notes to Financial Statements

Alma Public Schools
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2006

	<u>Private Purpose Trust Funds</u>
Additions	
Interest and investment earnings	\$ <u>15</u>
Deductions	
Scholarships	<u>2,063</u>
Change in net assets	(2,048)
Net assets - beginning	<u>9,225</u>
Net assets - ending	<u>\$ 7,177</u>

See Accompanying Notes to Financial Statements

Alma Public Schools
Notes to Financial Statements
June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Alma Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net assets are reported in three parts (1) invested in capital assets, net of related debt, (2) restricted

net assets, and (3) unrestricted net assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net assets resulting from current year activities.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough

Alma Public Schools
Notes to Financial Statements
June 30, 2006

thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2003 Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, building, equipment, and for remodeling. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include Food Service,

Community Service, and Athletic Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Grant Capital Projects Fund – The Building and Site Fund is used to record grant revenue and the disbursement of invoices specifically designated for classroom additions.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivable are shown net of an allowance for uncollectible amounts.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2006, the rates are as follows per \$1,000 of assessed value.

Alma Public Schools
Notes to Financial Statements
June 30, 2006

General Fund	
Nonhomestead	18.00000
Debt Service Funds	
Homestead and Nonhomestead	7.00000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. Approximately 53% of the School District's tax roll lies within the City of Alma.

Property taxes are assessed as of December 31 and attach as an enforceable lien on July 1 of the following year. School property taxes are levied on December 1 and July 1 and are due on or before March 1 and October 31, respectively. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Gratiot and remitted to the School District before the fiscal year end.

Investments – Investments are stated at fair value based on a quoted market price. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair

and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Site improvements	10-20 years
Equipment and furniture	5-10 years
Buses and other vehicles	5-10 years

Compensated Absences – Sick days are earned by most employees at the rate of one day per school month (10 days per year). A maximum of 60 sick days may be accumulated by an employee. Retiring employees who meet certain age and years of service requirements are paid for accumulated sick days to a maximum number of days and at a rate determined by their job category.

Employees who are not teachers are awarded vacation days based on years of service, up to a maximum of 20 days. Retiring employees are paid for vacation days up to the maximum number of days accumulated.

The liability for compensated absences reported in the district-wide financial statements consists of unpaid, accumulated sick leave and vacation balances. The sick leave liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The liability for vacation is calculated based on days earned and the current rate. The amount reported is salary related and includes fringe benefits.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data

Comparative data is not included in the School District's financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Upcoming Accounting and Reporting Change

The Government Accounting Standards Board has issued Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions*. The new pronouncement provides guidance for school districts in recognizing the cost of retiree health care. The new rules will cause district-wide financial statements to recognize the cost of providing retiree healthcare coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby cancel all encumbrances. These appropriations are reestablished at the beginning of the year.

The appropriation level adopted by the Board is the level of control authorized under the Act. The Act requires expenditures to be budgeted on a functional basis. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the Act if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	\$ 9,363,661	\$ 9,396,383	\$ 32,722
Adult and continuing education	119,601	121,113	1,512
Operations and maintenance	2,647,222	2,682,780	35,558
Capital outlay	349,931	361,095	11,164

NOTE 3 - DEPOSITS AND INVESTMENTS

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	\$ 740,415	\$ 275,565	\$ 1,015,980
Investments	<u>7,041,900</u>	<u>-</u>	<u>7,041,900</u>
	<u>\$ 7,782,315</u>	<u>\$ 275,565</u>	<u>\$ 8,057,880</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 1,015,430
Investments in securities, mutual funds, and similar vehicles	7,041,900
Petty cash and cash on hand	<u>550</u>
Total	<u>\$ 8,057,880</u>

As of year end, the District had the following investments:

Investment	Fair Value	Rating	Rating Organization
Michigan Schools Liquid Asset Fund	<u>\$ 7,041,900</u>	AAA	S&P

Interest rate risk – The District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The District has no policy that would limit the amount that may be invested with any one issuer.

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year end, \$1,636,054 of the District's bank balance of \$1,859,197 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, \$7,041,900 was held by the counterparty and was exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - CAPITAL ASSETS

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 723,068	\$ -	\$ -	\$ 723,068
Construction in progress	1,074,316	11,511,960	-	12,586,276
Total capital assets not being depreciated	1,797,384	11,511,960	-	13,309,344
Capital assets being depreciated				
Buildings and additions	25,680,999	128,284	-	25,809,283
Site improvements	596,906	69,656	-	666,562
Equipment and furniture	7,773,061	93,661	137,242	7,729,480
Buses and other vehicles	1,335,166	178,337	332,213	1,181,290
Total capital assets being depreciated	35,386,132	469,938	469,455	35,386,615
Less accumulated depreciation for				
Buildings and additions	9,579,849	436,601	-	10,016,450
Site improvements	365,400	18,834	-	384,234
Equipment and furniture	4,782,740	472,520	62,343	5,192,917
Buses and other vehicles	996,014	77,677	332,213	741,478
Total accumulated depreciation	15,724,003	1,005,632	394,556	16,335,079
Net capital assets being depreciated	19,662,129	(535,694)	74,899	19,051,536
Net capital assets	\$ 21,459,513	\$ 10,976,266	\$ 74,899	\$ 32,360,880

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Depreciation expense was charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 683,328
Support services	300,662
Food services	8,141
Athletic activities	9,477
Community services	<u>4,024</u>
Total governmental activities	<u>\$ 1,005,632</u>

Construction Contracts

As of year end, the School District had the following construction contracts in progress:

	<u>Total Contract</u>	<u>Remaining Construction Commitment at Year End</u>
Project		
2003 Bond Constructon Project	<u>\$ 23,326,359</u>	<u>\$ 4,492,329</u>

This project is expected to be completed during fiscal year 2007.

NOTE 5 - INTERFUND RECEIVABLE AND PAYABLE AND TRANSFERS

Individual interfund receivable and payable balances at year end were:

<u>Due From Fund</u>	<u>Due to Fund</u>	<u>Amount</u>
General Fund	Athletics Fund	\$ 7,700
General Fund	Capital Projects Fund	13,124
Food Service Fund	General Fund	34,576
Activities Fund	General Fund	<u>84,136</u>
		<u>\$ 139,536</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following :

	<u>Transfers Out</u>	
	<u>General Fund</u>	<u>Other Governmental Funds</u>
Transfers in		<u>Total</u>
General Fund	\$ (498,836)	\$ (498,836)
Other governmental funds	<u>-</u>	<u>498,836</u>
	<u>\$ (498,836)</u>	<u>\$ 498,836</u>
		<u>\$ -</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2006

These transfers were made to cover the costs of School District programs that were in excess of revenues generated from those activities.

NOTE 6 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unearned</u>
Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 224,408</u>

NOTE 7 - LEASES

Operating Leases

The School District leases two copiers under noncancelable operating leases. Total costs for such leases were \$ 3,113 for the year. The future minimum lease payments for these leases are as follows:

Year ending June 30,	
2007	\$ 37,368
2008	37,368
2009	37,368
2010	37,368
2011	<u>34,254</u>
Total	<u>\$ 183,726</u>

Capital Leases

The School District has a capital lease for a copy machines. The future minimum lease payments are as follows:

Year ending June 30,	
2007	\$ 24,098
2008	23,327
2009	<u>5,146</u>
Total minimum lease payments	52,571
Less amount representing interest	<u>19,326</u>
Present value of minimum lease payments	<u>\$ 33,245</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2006

The assets acquired through capital leases are as follows:

Assets	
Machinery and equipment	\$ 68,442
Less accumulated depreciation	<u>37,878</u>
Total	<u>\$ 30,564</u>

NOTE 8 - STATE AID ANTICIPATION NOTE

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

NOTE 9 - LONG-TERM DEBT

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Government obligation bonds	\$ 28,765,000	\$ -	\$ 1,090,000	\$ 27,675,000	\$ 1,145,000
Other bonds	221,810	-	16,805	205,005	17,602
School Bond Loan	275,000	270,000	-	545,000	-
Capital lease	109,744	-	76,500	33,244	15,418
Compensated absences	1,094,877	-	18,078	1,076,799	-
Contracts payable	391,757	-	53,320	338,437	46,302
Deferred issuance costs	<u>(171,970)</u>	<u>-</u>	<u>(6,253)</u>	<u>(165,717)</u>	<u>-</u>
Total	<u>\$ 30,686,218</u>	<u>\$ 270,000</u>	<u>\$ 1,248,450</u>	<u>\$ 29,707,768</u>	<u>\$ 1,224,322</u>

General obligation bonds payable at year end, consists of the following:

2003 Building and Site Bonds due in annual installments of \$570,000 to \$950,000 through May 1, 2033, interest at 3.20% to 5.00%	\$ 23,075,000
2000 Energy Bonds due in annual installments of \$75,000 to \$120,000 through May 1, 2015, interest at 5.15% to 5.70%	860,000
2000 Refunding Bonds due in annual installments of \$500,000 to \$735,000 through May 1, 2012, interest at 4.70% to 5.00%	<u>3,740,000</u>
Total general obligation bonded debt	<u>\$ 27,675,000</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 1,145,000	\$ 1,235,203	\$ 2,380,203
2008	1,200,000	1,189,601	2,389,601
2009	1,260,000	1,141,077	2,401,077
2010	1,320,000	1,089,671	2,409,671
2011	1,385,000	1,034,487	2,419,487
2012-2016	5,490,000	4,368,736	9,858,736
2017-2021	4,625,000	3,334,812	7,959,812
2022-2026	4,625,000	2,287,713	6,912,713
2027-2031	4,725,000	1,179,187	5,904,187
2032-2036	1,900,000	142,500	2,042,500
Total	<u>\$ 27,675,000</u>	<u>\$ 17,002,987</u>	<u>\$ 44,677,987</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$ 54,428 to pay this debt. Future debt and interest will be payable from future tax levies.

Other bonds consist of the following:

1998 Durant Refunding serial bonds due in annual installments through 5/15/2013; interest 4.76% due annually	<u>\$ 205,005</u>
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These bond obligations issued by PA 142 are payable solely from and are secured solely by an assignment by each School District of certain categorical State School Aid payments. The State Legislature has no obligation to make such appropriations. In the event the Legislature fails to appropriate funds, the School District is under no obligation for repayment of the debt obligation issued by PA 142.

Future principal and interest requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 17,602	\$ 6,775	\$ 24,377
2008	81,148	33,906	115,054
2009	19,322	5,059	24,381
2010	20,241	4,139	24,380
2011	21,206	3,175	24,381
2012-2013	<u>45,486</u>	<u>3,274</u>	<u>48,760</u>
Total	<u>\$ 205,005</u>	<u>\$ 56,328</u>	<u>\$ 261,333</u>

Contracts payable consist of the following:

2000 Cabling installment contract due in semi-annual installments of \$7,957 through July 22, 2010, interest at 5.73% due semi-annually	\$ 71,695
1999 66 acre installment contract due in monthly installments of \$1,475 to \$3,106 through June 25, 2014, variable interest due monthly	<u>266,742</u>
Total long-term contracts payable	<u>\$ 338,437</u>

Future principal and interest requirements for the contracts payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 46,302	\$ 10,880	\$ 57,182
2008	47,152	9,120	56,272
2009	48,032	7,327	55,359
2010	48,933	5,514	54,447
2011	41,901	3,677	45,578
2012-2016	<u>106,117</u>	<u>4,521</u>	<u>110,638</u>
Total	<u>\$ 338,437</u>	<u>\$ 41,039</u>	<u>\$ 379,476</u>

Alma Public Schools
Notes to Financial Statements
June 30, 2006

State School Bond Loan

The State School Bond Loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Bond Loan Fund. During the year, the School District borrowed \$ 270,000 and had an outstanding balance at year of \$ 545,000, from the State School Bond Loan Fund. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Compensated Absences

Accrued compensated absences at year end, consists of \$41,165 of vacation hours earned and vested and \$1,035,634 in accrued sick time benefits. The entire vested amount is considered long-term as the amount expended each year is expected to be offset by sick time earned for the year.

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and natural disasters. To minimize such risks of loss the District has purchased commercial insurance from independent third parties for general liability, property and casualty and health and vision claims.

In addition to risks described above, the District is subject to risk of loss as a result of employee injuries (worker's compensation). To minimize such risk of loss, the District participates in a public entity risk pool through the School Employers Group. The District's contribution to the pool during fiscal year 2005-06 net of prior year rebates amounted to \$ 59,788. The possibility of additional liabilities

in excess of current year contributions exists, however, these amounts are indeterminable and believed to be immaterial, and as such no contingent liabilities have been recognized on the District's financial statements for the year ended June 30, 2006.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method the School District must reimburse the Employment Commission for all benefits charged against the School District for the year. The School District had unemployment compensation expense of \$ 4,268 for the year ended June 30, 2006. No provision has been made for possible future claims.

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Plan Description

The School District has a defined benefit pension plan covering substantially all employees. The plan is operated by the State of Michigan's Public School Employees Retirement System (MPERS), which is a cost-sharing public employee retirement system (PERS).

The pension plan provides retirement, survivor and disability benefits to plan members and their beneficiaries.

MPERS operates within the Michigan Department of Management and Budget, Office of Retirement Systems who has the authority to establish and amend benefit provisions. The Michigan Department of Management and Budget issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing Office of Retirement Services, P.O. Box 30171, Lansing, Michigan 48909-7671 or calling 800-381-5111.

Alma Public Schools
Notes to Financial Statements
June 30, 2006

Funding Policy

The School is required by State statute to contribute to MPSERS an actuarially determined percentage of payroll for all participating employees. Additionally, employees participating in the Member Investment Plan contributed 3% to 4.3% of their covered wages through payroll deduction. In addition to retirement benefits, a portion of the total MPSERS contribution is allocated to cover health, dental and vision benefits. The following table discloses pertinent information relative to MPSERS funding for the three-year period beginning July 1, 2003 through June 30, 2006.

	2006	2005	2004
Funding percentage range	14.87-16.34%	12.99-14.87%	12.99%
Total payroll	12,709,394	12,201,268	12,465,060
Total covered payroll	12,563,098	12,013,281	12,418,554
School contributions	2,012,247	1,747,778	1,613,285
Employee MIP contributions	354,832	339,483	349,916
Tax deferred payment program	72,676	66,642	54,041
Portion of school contribution covering health, dental and vision benefits	44%	44%	47%

Trend Information

Ten-year historical trend information is presented in the September 30, 2005, PERS Comprehensive Annual Financial Report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due. The total benefit obligations and net assets available for benefits as of September 30, 2004, the latest date for which information is available, approximates \$ 46.3 billion and \$ 38.8 billion, respectively. The School's share of the total current actuarially determined employer contribution requirement under MPSERS was less than 1% for the year ended September 30, 2005.

Post Employment Benefits

In addition to the pension benefits described above, the School District provides post-retirement health care, dental, and vision benefits for retirees and beneficiaries through Michigan Public School Employees Retirement System (MPERS).

Expenditures for these benefits are recognized on a cash disbursement basis. During the year ended September 30, 2005, statewide expenditures of \$ 761 million were recognized for post-retirement health care, dental and vision. This represented approximately 23% of the total expenditures of the Michigan Public School Employees Retirement System.

NOTE 12 - CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2006.

NOTE 13 - SUBSEQUENT EVENT

Subsequent to June 30, 2006, the School District has paid the balance of the \$1,500,000 and accrued interest on the short-term state aid anticipation note borrowed in August of 2005 and has subsequently borrowed \$2,000,000 in short-term state aid anticipation notes with annual interest of 3.68% through the Michigan Municipal Bond Authority. Proceeds from the borrowing will be distributed to the School District in August of 2006.

REQUIRED SUPPLEMENTAL INFORMATION

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 2,121,844	\$ 2,190,495	\$ 2,204,339	\$ 13,844
State sources	16,197,946	16,517,306	16,569,724	52,418
Federal sources	1,033,128	1,082,725	963,902	(118,823)
Interdistrict sources	1,049,261	1,104,761	1,111,551	6,790
Total revenues	20,402,179	20,895,287	20,849,516	(45,771)
Expenditures				
Instruction				
Basic programs	9,472,285	9,363,661	9,396,383	32,722
Added needs	2,545,025	3,153,388	3,146,229	(7,159)
Adult and continuing education	104,442	119,601	121,113	1,512
Supporting services				
Pupil	1,236,126	1,278,363	1,199,676	(78,687)
Instructional staff	396,007	431,434	403,674	(27,760)
General administration	248,809	241,979	241,671	(308)
School administration	1,263,672	1,349,631	1,340,700	(8,931)
Business	608,664	569,733	558,074	(11,659)
Operations and maintenance	2,481,538	2,647,222	2,682,780	35,558
Pupil transportation services	789,390	742,684	709,097	(33,587)
Central	234,238	195,933	189,156	(6,777)
Community services	94,508	128,772	126,990	(1,782)
Capital outlay	115,000	349,931	361,095	11,164
Debt service				
Principal	157,489	157,489	152,753	(4,736)
Interest and fiscal charges	70,620	70,620	69,381	(1,239)
Total expenditures	19,817,813	20,800,441	20,698,772	(101,669)

Alma Public Schools
Required Supplemental Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Excess of revenues over expenditures	\$ 584,366	\$ 94,846	\$ 150,744	\$ 55,898
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,500	7,500	14,190	6,690
Transfers out	(454,000)	(506,000)	(498,836)	7,164
Total other financing sources (uses)	(451,500)	(498,500)	(484,646)	13,854
Net change in fund balance	132,866	(403,654)	(333,902)	69,752
Fund balance - beginning	1,984,814	1,984,814	1,984,814	-
Fund balance - ending	\$ 2,117,680	\$ 1,581,160	\$ 1,650,912	\$ 69,752

OTHER SUPPLEMENTAL INFORMATION

Alma Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2006

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		Total Nonmajor Governmental Funds
	<u>Food Services</u>	<u>Athletics</u>	<u>2000 Debt Service</u>	<u>2003 Debt Service</u>	
Assets					
Cash	\$ 24,439	\$ -	\$ 18,530	\$ 38,574	\$ 81,543
Due from other funds	-	7,700	-	-	7,700
Inventory	9,763	-	-	-	9,763
Prepaid items	1,750	2,024	-	-	3,774
Total assets	<u>\$ 35,952</u>	<u>\$ 9,724</u>	<u>\$ 18,530</u>	<u>\$ 38,574</u>	<u>\$ 102,780</u>
Liabilities and Fund Balance					
Liabilities					
Accounts payable	\$ 578	\$ 9,682	\$ -	\$ -	\$ 10,260
Due to other funds	34,576	-	-	-	34,576
Due to other governmental units	-	-	834	1,842	2,676
Total liabilities	<u>35,154</u>	<u>9,682</u>	<u>834</u>	<u>1,842</u>	<u>47,512</u>
Fund Balance					
Reserved for inventory	-	-	-	-	-
Reserved for prepaid items	-	-	-	-	-
Reserved for debt service	-	-	17,696	36,732	54,428
Other undesignated	798	42	-	-	840
Total fund balance	<u>798</u>	<u>42</u>	<u>17,696</u>	<u>36,732</u>	<u>55,268</u>
Total liabilities and fund balance	<u>\$ 35,952</u>	<u>\$ 9,724</u>	<u>\$ 18,530</u>	<u>\$ 38,574</u>	<u>\$ 102,780</u>

Alma Public Schools
Other Supplemental Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2006

	Special Revenue Funds			Debt Service Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Services	Athletics	Community Services	2000 Debt Service	2003 Debt Service	Durant	Grant Capital Projects	
Revenues								
Local sources	\$ 297,589	\$ 128,294	\$ 67,811	\$ 635,832	\$ 1,347,385	\$ -	\$ -	\$ 2,476,911
State sources	55,519	-	-	-	-	24,381	-	79,900
Federal sources	408,608	-	-	-	-	-	-	408,608
Total revenues	<u>761,716</u>	<u>128,294</u>	<u>67,811</u>	<u>635,832</u>	<u>1,347,385</u>	<u>24,381</u>	<u>-</u>	<u>2,965,419</u>
Expenditures								
Current								
Education								
Food services	798,397	-	-	-	-	-	-	798,397
Athletic activities	-	561,882	-	-	-	-	-	561,882
Community services	-	-	85,764	-	-	-	-	85,764
Capital outlay	4,342	6,478	-	-	-	-	1,751	12,571
Debt service								
Principal	-	-	-	460,000	560,000	16,805	-	1,036,805
Interest and other expenditures	-	-	-	203,202	1,026,291	7,576	-	1,237,069
Total expenditures	<u>802,739</u>	<u>568,360</u>	<u>85,764</u>	<u>663,202</u>	<u>1,586,291</u>	<u>24,381</u>	<u>1,751</u>	<u>3,732,488</u>
Deficiency of revenues over expenditures	<u>(41,023)</u>	<u>(440,066)</u>	<u>(17,953)</u>	<u>(27,370)</u>	<u>(238,906)</u>	<u>-</u>	<u>(1,751)</u>	<u>(767,069)</u>
Other Financing Sources								
Proceeds from school bond loan fund	-	-	-	-	270,000	-	-	270,000
Transfers in	39,100	440,032	17,953	-	-	-	1,751	498,836
Total other financing sources	<u>39,100</u>	<u>440,032</u>	<u>17,953</u>	<u>-</u>	<u>270,000</u>	<u>-</u>	<u>1,751</u>	<u>768,836</u>
Net change in fund balance	(1,923)	(34)	-	(27,370)	31,094	-	-	1,767
Fund balance - beginning	<u>2,721</u>	<u>76</u>	<u>-</u>	<u>45,066</u>	<u>5,638</u>	<u>-</u>	<u>-</u>	<u>53,501</u>
Fund balance - ending	<u>\$ 798</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 17,696</u>	<u>\$ 36,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,268</u>

Alma Public Schools
Other Supplemental Information
General Fund
Comparative Balance Sheet
June 30, 2006

	2006	2005
Assets		
Cash	\$ 658,872	\$ 1,219,081
Taxes receivable	696	-
Accounts receivable	213,347	269,497
Due from other funds	97,888	29,275
Due from other governmental units	3,208,196	3,107,921
Inventory	59,737	64,034
Investments	915,134	1,381,621
Prepaid items	26,777	18,815
Total assets	<u>\$ 5,180,647</u>	<u>\$ 6,090,244</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ 104,379	\$ 40,400
State aid anticipation note payable	1,500,000	1,500,000
Due to other governmental units	87,305	86,290
Payroll deductions and withholdings	121,498	134,132
Accrued expenditures	629,472	743,452
Accrued salaries payable	862,673	1,249,211
Deferred revenue	224,408	351,945
Total liabilities	<u>3,529,735</u>	<u>4,105,430</u>
Fund Balance		
Reserved for inventory	59,737	64,034
Reserved for prepaid items	26,777	18,815
Reserved for contributions	43,262	21,029
Other undesignated	1,521,136	1,880,936
Total fund balance	<u>1,650,912</u>	<u>1,984,814</u>
Total liabilities and fund balance	<u>\$ 5,180,647</u>	<u>\$ 6,090,244</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue from local sources			
Property tax levy	\$ 1,871,345	\$ 1,861,710	\$ (9,635)
Tuition	26,600	26,600	-
Transportation fees	3,000	9,484	6,484
Earnings on investments	55,000	60,215	5,215
Student activities	-	1,780	1,780
Community service activities	60,000	46,752	(13,248)
Other local revenues	<u>174,550</u>	<u>197,798</u>	<u>23,248</u>
Total revenues from local sources	<u>2,190,495</u>	<u>2,204,339</u>	<u>13,844</u>
 Revenues from state sources			
Grants - unrestricted	14,218,943	14,178,244	(40,699)
Grants - restricted	<u>2,298,363</u>	<u>2,391,480</u>	<u>93,117</u>
Total revenues from state sources	<u>16,517,306</u>	<u>16,569,724</u>	<u>52,418</u>
 Revenues from federal sources			
Grants	<u>1,082,725</u>	<u>963,902</u>	<u>(118,823)</u>
 Interdistrict sources			
Tuition	10,000	-	(10,000)
ISD collected millage	734,000	744,008	10,008
Other	<u>360,761</u>	<u>367,543</u>	<u>6,782</u>
Total interdistrict sources	<u>1,104,761</u>	<u>1,111,551</u>	<u>6,790</u>
 Other financing sources			
Proceeds from sale of capital assets	<u>7,500</u>	<u>14,190</u>	<u>6,690</u>
Total revenue and other financing sources	<u>\$ 20,902,787</u>	<u>\$ 20,863,706</u>	<u>\$ (39,081)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - elementary			
Salaries	\$ 2,879,665	\$ 2,886,843	\$ 7,178
Employee benefits	1,260,660	1,265,657	4,997
Purchased services	4,000	-	(4,000)
Supplies and materials	103,053	104,758	1,705
Other	<u>5,607</u>	<u>8,567</u>	<u>2,960</u>
Total elementary	<u>4,252,985</u>	<u>4,265,825</u>	<u>12,840</u>
Basic program - middle school			
Salaries	1,374,999	1,389,020	14,021
Employee benefits	664,076	662,594	(1,482)
Purchased services	4,569	10,677	6,108
Supplies and materials	76,711	73,887	(2,824)
Other	<u>3,399</u>	<u>215</u>	<u>(3,184)</u>
Total middle school	<u>2,123,754</u>	<u>2,136,393</u>	<u>12,639</u>
Basic program - high school			
Salaries	1,800,366	1,821,507	21,141
Employee benefits	815,333	832,183	16,850
Purchased services	18,380	14,236	(4,144)
Supplies and materials	53,239	108,000	54,761
Other	<u>76,918</u>	<u>3,592</u>	<u>(73,326)</u>
Total high school	<u>2,764,236</u>	<u>2,779,518</u>	<u>15,282</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - pre-school			
Salaries	\$ 150,749	\$ 148,321	\$ (2,428)
Employee benefits	52,604	53,181	577
Purchased services	200	776	576
Supplies and materials	7,600	6,769	(831)
Other	<u>1,140</u>	<u>355</u>	<u>(785)</u>
Total pre-school	<u>212,293</u>	<u>209,402</u>	<u>(2,891)</u>
Basic program - summer school			
Salaries	8,320	4,184	(4,136)
Employee benefits	2,073	977	(1,096)
Supplies and materials	<u>-</u>	<u>84</u>	<u>84</u>
Total summer school	<u>10,393</u>	<u>5,245</u>	<u>(5,148)</u>
Added needs - special education			
Salaries	983,216	980,444	(2,772)
Employee benefits	425,273	442,549	17,276
Purchased services	-	1,635	1,635
Supplies and materials	12,925	14,606	1,681
Other	<u>4,840</u>	<u>-</u>	<u>(4,840)</u>
Total special education	<u>1,426,254</u>	<u>1,439,234</u>	<u>12,980</u>
Added needs - compensatory education			
Salaries	433,890	430,400	(3,490)
Employee benefits	149,481	148,526	(955)
Purchased services	-	243	243
Supplies and materials	<u>1,336</u>	<u>783</u>	<u>(553)</u>
Total compensatory education	<u>584,707</u>	<u>579,952</u>	<u>(4,755)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Budget	Actual	Over (Under) Final Budget
Added needs - career and technical education			
Salaries	\$ 416,669	\$ 416,250	\$ (419)
Employee benefits	172,863	175,248	2,385
Purchased services	195	7,827	7,632
Supplies and materials	-	47,357	47,357
Other	552,700	480,361	(72,339)
Total career and technical education	1,142,427	1,127,043	(15,384)
Adult and continuing education - secondary			
Salaries	89,140	89,302	162
Employee benefits	27,261	27,222	(39)
Purchased services	1,000	968	(32)
Supplies and materials	2,200	3,288	1,088
Other	-	333	333
Total secondary	119,601	121,113	1,512
Pupil - guidance services			
Salaries	290,367	296,886	6,519
Employee benefits	148,954	151,707	2,753
Purchased services	164,000	89,453	(74,547)
Supplies and materials	13,500	5,058	(8,442)
Total guidance services	616,821	543,104	(73,717)
Pupil - health services			
Salaries	25,379	24,482	(897)
Employee benefits	6,140	5,902	(238)
Purchased services	1,750	965	(785)
Supplies and materials	1,250	588	(662)
Other	-	35	35
Total health services	34,519	31,972	(2,547)

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Budget	Actual	Over (Under) Final Budget
Pupil - speech services			
Salaries	\$ 142,405	\$ 142,405	\$ -
Employee benefits	64,300	64,708	408
Purchased services	-	157	157
Supplies and materials	1,600	1,511	(89)
Total speech services	<u>208,305</u>	<u>208,781</u>	<u>476</u>
Pupil - social work services			
Salaries	157,152	157,152	-
Employee benefits	81,066	82,764	1,698
Purchased services	-	230	230
Supplies and materials	400	413	13
Total social work services	<u>238,618</u>	<u>240,559</u>	<u>1,941</u>
Pupil - other support services			
Salaries	141,411	137,506	(3,905)
Employee benefits	34,439	33,464	(975)
Purchased services	2,400	2,343	(57)
Supplies and materials	1,850	1,947	97
Total other pupil support services	<u>180,100</u>	<u>175,260</u>	<u>(4,840)</u>
Instructional staff - improvement of education			
Salaries	23,650	17,920	(5,730)
Employee benefits	4,642	4,383	(259)
Purchased services	54,037	28,691	(25,346)
Supplies and materials	1,825	1,429	(396)
Other	1,400	1,241	(159)
Total improvement of education	<u>85,554</u>	<u>53,664</u>	<u>(31,890)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Budget	Actual	Over (Under) Final Budget
Instructional staff - educational media services			
Salaries	\$ 205,485	\$ 211,975	\$ 6,490
Employee benefits	97,713	98,243	530
Purchased services	532	471	(61)
Supplies and materials	<u>33,500</u>	<u>32,258</u>	<u>(1,242)</u>
Total educational media services	<u>337,230</u>	<u>342,947</u>	<u>5,717</u>
Instructional staff - supervision and direction of instructional staff			
Purchased services	1,900	313	(1,587)
Supplies and materials	<u>2,100</u>	<u>2,100</u>	<u>-</u>
Total supervision and direction of instructional staff	<u>4,000</u>	<u>2,413</u>	<u>(1,587)</u>
Instructional staff - academic student assessment			
Purchased services	<u>4,650</u>	<u>4,650</u>	<u>-</u>
General administration - board of education			
Salaries	2,100	2,100	-
Purchased services	41,700	52,275	10,575
Supplies and materials	2,300	1,876	(424)
Other	<u>12,350</u>	<u>1,364</u>	<u>(10,986)</u>
Total board of education	<u>58,450</u>	<u>57,615</u>	<u>(835)</u>
General administration - executive administration			
Salaries	118,514	118,988	474
Employee benefits	54,189	53,781	(408)
Purchased services	-	7,989	7,989
Supplies and materials	-	1,397	1,397
Other	<u>10,826</u>	<u>1,901</u>	<u>(8,925)</u>
Total executive administration	<u>183,529</u>	<u>184,056</u>	<u>527</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
School administration - office of the principal			
Salaries	\$ 873,768	\$ 863,269	\$ (10,499)
Employee benefits	418,635	417,061	(1,574)
Purchased services	18,800	30,139	11,339
Supplies and materials	17,562	19,854	2,292
Other	<u>15,866</u>	<u>5,284</u>	<u>(10,582)</u>
Total office of the principal	<u>1,344,631</u>	<u>1,335,607</u>	<u>(9,024)</u>
School administration - other			
Supplies and materials	<u>5,000</u>	<u>5,093</u>	<u>93</u>
Business - fiscal services			
Salaries	181,983	182,555	572
Employee benefits	96,095	95,045	(1,050)
Purchased services	32,500	35,106	2,606
Supplies and materials	4,450	5,243	793
Other	<u>13,848</u>	<u>20,165</u>	<u>6,317</u>
Total fiscal services	<u>328,876</u>	<u>338,114</u>	<u>9,238</u>
Business - internal services			
Salaries	81,515	80,212	(1,303)
Employee benefits	32,992	32,261	(731)
Purchased services	3,200	4,728	1,528
Supplies and materials	24,800	14,191	(10,609)
Other	<u>-</u>	<u>1,600</u>	<u>1,600</u>
Total internal services	<u>142,507</u>	<u>132,992</u>	<u>(9,515)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Business - other			
Salaries	\$ 15,800	\$ 15,704	\$ (96)
Employee benefits	10,000	1,201	(8,799)
Purchased services	22,550	21,756	(794)
Other	<u>50,000</u>	<u>48,307</u>	<u>(1,693)</u>
Total other business	<u>98,350</u>	<u>86,968</u>	<u>(11,382)</u>
Operations and maintenance - operating building services			
Salaries	887,993	890,715	2,722
Employee benefits	519,894	514,764	(5,130)
Purchased services	371,085	425,383	54,298
Supplies and materials	867,750	851,394	(16,356)
Other	<u>500</u>	<u>524</u>	<u>24</u>
Total operating building services	<u>2,647,222</u>	<u>2,682,780</u>	<u>35,558</u>
Pupil transportation services			
Salaries	359,325	337,424	(21,901)
Employee benefits	227,709	209,957	(17,752)
Purchased services	12,450	15,554	3,104
Supplies and materials	135,900	140,705	4,805
Other	<u>7,300</u>	<u>5,457</u>	<u>(1,843)</u>
Total transportation services	<u>742,684</u>	<u>709,097</u>	<u>(33,587)</u>
Central - planning, research development and evaluation			
Other	<u>1,776</u>	<u>-</u>	<u>(1,776)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services			
Salaries	\$ 8,750	\$ 8,762	\$ 12
Employee benefits	2,639	2,969	330
Purchased services	17,200	16,454	(746)
Supplies and materials	-	513	513
Other	8,000	1,975	(6,025)
Total staff/personnel services	<u>36,589</u>	<u>30,673</u>	<u>(5,916)</u>
Central - support services technology			
Salaries	76,282	77,591	1,309
Employee benefits	40,218	39,999	(219)
Purchased services	33,800	33,366	(434)
Supplies and materials	6,968	6,772	(196)
Other	300	755	455
Total support services technology	<u>157,568</u>	<u>158,483</u>	<u>915</u>
Community services - direction			
Salaries	18,844	18,292	(552)
Employee benefits	4,571	4,353	(218)
Purchased services	3,285	3,452	167
Supplies and materials	-	24	24
Total direction	<u>26,700</u>	<u>26,121</u>	<u>(579)</u>
Community services - community activities			
Purchased services	-	2,522	2,522
Supplies and materials	-	1,050	1,050
Other	10,262	6,141	(4,121)
Total community activities	<u>10,262</u>	<u>9,713</u>	<u>(549)</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Community services - custody and care of children			
Salaries	\$ 45,200	\$ 39,651	\$ (5,549)
Employee benefits	11,089	9,470	(1,619)
Purchased services	950	968	18
Supplies and materials	8,700	5,477	(3,223)
Other	<u>500</u>	<u>492</u>	<u>(8)</u>
Total custody and care of children	<u>66,439</u>	<u>56,058</u>	<u>(10,381)</u>
Community services - non-public school pupils			
Salaries	-	3,542	3,542
Employee benefits	-	856	856
Other	<u>5,952</u>	<u>211</u>	<u>(5,741)</u>
Total non-public school pupils	<u>5,952</u>	<u>4,609</u>	<u>(1,343)</u>
Community services - other			
Salaries	9,900	18,943	9,043
Employee benefits	2,239	1,975	(264)
Purchased services	3,030	2,600	(430)
Supplies and materials	<u>4,250</u>	<u>6,971</u>	<u>2,721</u>
Total other	<u>19,419</u>	<u>30,489</u>	<u>11,070</u>

Alma Public Schools
Other Supplemental Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Capital outlay			
Basic program - elementary	\$ 54,662	\$ 41,174	\$ (13,488)
Basic program - middle school	5,398	4,036	(1,362)
Basic program - high school	20,531	24,115	3,584
Added needs - career and technical education	-	18,749	18,749
Instructional staff - improvement of education	-	548	548
School administration - office of the principal	1,940	2,736	796
Business - fiscal services	2,000	1,128	(872)
Operations and maintenance - operating building services	34,000	43,962	9,962
Pupil transportation services	63,000	65,073	2,073
Central - support services technology	53,400	47,384	(6,016)
Other support services	<u>115,000</u>	<u>112,190</u>	<u>(2,810)</u>
Total capital outlay	<u>349,931</u>	<u>361,095</u>	<u>11,164</u>
Debt service			
Principal	157,489	152,753	(4,736)
Interest and other expenditures	<u>70,620</u>	<u>69,381</u>	<u>(1,239)</u>
Total debt service	<u>228,109</u>	<u>222,134</u>	<u>(5,975)</u>
Other financing uses			
Transfers out	<u>506,000</u>	<u>498,836</u>	<u>(7,164)</u>
Total expenditures and financing uses	<u>\$ 21,306,441</u>	<u>\$ 21,197,608</u>	<u>\$ (108,833)</u>

Alma Public Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2006

	Due to (From) Student Groups June 30, 2005	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2006
High School accounts				
Advanced Placement Test	\$ 1,988	\$ 3,995	\$ 5,254	\$ 729
All Student Fund	157	65	-	222
Annual Yearbook	11,075	30,660	37,302	4,433
Art	250	-	-	250
At-risk	12	-	-	12
Band	71	572	565	78
Baseball	475	-	475	-
Boys Bowling	81	731	728	84
Boys Basketball	971	736	1,340	367
Business Professionals	779	2,927	3,032	674
Cheerleading	200	3,256	3,344	112
Class 2002	614	-	-	614
Class 2003	372	-	-	372
Class 2004	36	-	-	36
Class 2005	570	73	-	643
Class 2006	4,941	2,488	6,631	798
Class 2007	3,920	10,941	9,251	5,610
Class 2008	1,432	3,084	746	3,770
Class 2009	-	3,408	250	3,158
Class 2006 senior all night party	1,375	-	1,375	-
Close-up Activity	817	1,368	50	2,135
After School - Boys B.B. - Ski	156	13,762	9,956	3,962
Community Paw Print Shop	2,969	16,120	13,262	5,827
Consumer Science	31	142	145	28
Creative Writing Workshop	510	-	-	510
Cross Country	608	588	379	817
Cultural	62	-	-	62
Debate/Forensics	33	-	-	33
Drama Club	557	2,467	2,319	705
Electricity/Small Engines	300	-	-	300
Energy Conservation	2,688	-	-	2,688
Equestrian Club	79	-	-	79
FFA - Future Farmers	5,483	20,465	22,760	3,188

Alma Public Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2006

	Due to (From) Student Groups June 30, 2005	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2006
FFA-Greenhouse	\$ 6,859	\$ 16,909	\$ 11,724	\$ 12,044
FFA-Land Lab	-	17,878	14,429	3,449
FFA/WCP	186	29,500	29,686	-
FHA/FCCLA	449	5,206	5,534	121
Football	26	949	909	66
French Club	3,047	3,463	3,714	2,796
Golf - High School	20	-	-	20
Comm. Ed. - Hockey Club	136	-	-	136
Guidance	-	963	933	30
H.O.S.A.	2,888	6,054	8,380	562
High School IMC	434	1,125	157	1,402
Humanities	6	2,040	1,992	54
Journalism	580	-	323	257
Kids Football - Comm. Ed.	35	-	-	35
Children's Christmas Fund	-	50,000	50,000	-
Lift-a-thon	36	-	-	36
National Honor Society	479	3,413	3,054	838
National Vocational Tech	526	-	209	317
Parks for Us	1,448	-	1,448	-
Pep Club	24	-	-	24
Pom Pon Girls	527	525	536	516
Pride	22	-	-	22
S.A.A.D.	1,105	358	250	1,213
Snack Shack-Republic	86	-	-	86
Soccer	10	-	-	10
Spanish Club	3,847	1,492	3,579	1,760
Stratford Trip	91	-	-	91
Student Challenge	886	-	-	886
Student Council	3,489	5,639	5,165	3,963
Student Council - Mid Michigan Conf.	3	-	-	3
Team Activities	105	-	-	105
Track	65	-	-	65
U.S. History	120	2,924	3,016	28

Alma Public Schools
Other Supplemental Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2006

	Due to (From) Student Groups June 30, 2005	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2006
Vocal Music	\$ 1,075	\$ 2,142	\$ 1,646	\$ 1,571
Volleyball	269	-	-	269
Welding	467	2,330	1,682	1,115
Wood Shop	578	-	-	578
Youth Fund Raising	4,675	-	-	4,675
Total High School Accounts	<u>78,211</u>	<u>270,758</u>	<u>267,530</u>	<u>81,439</u>
Intermediate School Accounts				
A.M.S. Computer	39	60	99	-
Band	121	156	255	22
Cross Country	572	580	564	588
Drama Club	593	-	-	593
Hope Club	184	-	184	-
IMC	528	4,276	4,588	216
Luce Road Activity	535	-	535	-
5th Grade Fundraising	510	-	-	510
6th Grade Fundraising	13,027	11,894	24,016	905
7th Grade Fundraising	2,180	4,299	5,266	1,213
8th Grade Fundraising	858	2,158	3,031	(15)
Middle School - General	1,407	496	840	1,063
Paw Print	2,043	6,508	4,998	3,553
Student Council	120	15,774	14,991	903
Student Store	552	7,004	6,984	572
Technology Club	810	636	611	835
Technology Club - Hillcrest	110	-	-	110
Wildcats	8,368	24,148	26,569	5,947
Total Intermediate School Accounts	<u>32,557</u>	<u>77,989</u>	<u>93,531</u>	<u>17,015</u>
General Office	<u>4,125</u>	<u>3,006</u>	<u>-</u>	<u>7,131</u>
Other Groups	<u>72,664</u>	<u>189,766</u>	<u>183,763</u>	<u>78,667</u>
Total	<u>\$ 187,557</u>	<u>\$ 541,519</u>	<u>\$ 544,824</u>	<u>\$ 184,252</u>

Alma Public Schools
Other Supplemental Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2006

Year Ending June 30,	2000 Refunding Bonds	2000 Energy Bonds	2003 Building and Site Bonds	1998 Durant Bonds	Total
2007	\$ 500,000	\$ 75,000	\$ 570,000	\$ 17,602	\$ 1,162,602
2008	550,000	80,000	570,000	81,148	1,281,148
2009	600,000	85,000	575,000	19,322	1,279,322
2010	650,000	90,000	580,000	20,241	1,340,241
2011	705,000	95,000	585,000	21,206	1,406,206
2012	735,000	100,000	620,000	22,214	1,477,214
2013	-	105,000	925,000	23,272	1,053,272
2014	-	110,000	925,000	-	1,035,000
2015	-	120,000	925,000	-	1,045,000
2016	-	-	925,000	-	925,000
2017	-	-	925,000	-	925,000
2018	-	-	925,000	-	925,000
2019	-	-	925,000	-	925,000
2020	-	-	925,000	-	925,000
2021	-	-	925,000	-	925,000
2022	-	-	925,000	-	925,000
2023	-	-	925,000	-	925,000
2024	-	-	925,000	-	925,000
2025	-	-	925,000	-	925,000
2026	-	-	925,000	-	925,000
2027	-	-	925,000	-	925,000
2028	-	-	950,000	-	950,000
2029	-	-	950,000	-	950,000
2030	-	-	950,000	-	950,000
2031	-	-	950,000	-	950,000
2032	-	-	950,000	-	950,000
2033	-	-	950,000	-	950,000
Total	\$ 3,740,000	\$ 860,000	\$ 23,075,000	\$ 205,005	\$ 27,880,005
Principal payments due on	May 1st	May 1st	May 1st	May 15th	
Interest payments due on	May 1st and November 1st	May 1st and November 1st	May 1st and November 1st	May 15th	
Interest rate	4.70% - 5.00%	5.15% - 5.70%	3.20% - 5.00%	4.76%	
Original issue	\$ 5,805,000	\$ 1,200,000	\$ 24,180,000	\$ 347,193	

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, major funds, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, Michigan Department of Education and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 11, 2006

Alma Public Schools

Alma, Michigan

Single Audit Report

June 30, 2006

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board of Education
Alma Public Schools
Alma, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2006, which collectively comprise the Alma Public Schools' basic financial statements and have issued our report thereon dated August 11, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alma Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alma Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Education, management and related regulatory agencies and is not intended for and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 11, 2006

**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133**

Members of the Board of Education
Alma Public Schools
Alma, Michigan

Compliance

We have audited the compliance of the Alma Public Schools with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2006. The Alma Public School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Alma Public Schools' management. Our responsibility is to express an opinion on the Alma Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alma Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alma Public Schools' compliance with those requirements.

In our opinion, the Alma Public Schools complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2006.

Internal Control over Compliance

The management of Alma Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Alma Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alma Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 11, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements that collectively comprise Alma Public Schools basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Alma, Michigan
August 11, 2006

Alma Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2005	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2006
U.S. Department of Agriculture								
Passed through Michigan Department of Education								
Entitlement Commodities	10.550		\$ 27,298	\$ -	\$ -	\$ 27,298	\$ 27,298	\$ -
Bonus Commodities	10.550		4,851	-	-	4,851	4,851	-
Subtotal - USDA Donated Commodities			32,149	-	-	32,149	32,149	-
Child Nutrition Cluster								
National School Lunch - Breakfast	10.553	051970	73,560	-	63,967	9,593	9,593	-
National School Lunch - Breakfast	10.553	061970	72,608	-	-	72,608	72,608	-
			146,168	-	63,967	82,201	82,201	-
National School Lunch Sec. 4 - All Lunches	10.555	051950	41,930	-	36,237	5,693	5,693	-
National School Lunch Sec. 4 - All Lunches	10.555	061950	38,457	-	-	38,457	38,457	-
National School Lunch Sec. 11 - Free & Reduced	10.555	051960	234,201	-	201,312	32,889	32,889	-
National School Lunch Sec. 11 - Free & Reduced	10.555	061960	217,219	-	-	217,219	217,219	-
Total - Child Nutrition Cluster			677,975	-	301,516	376,459	376,459	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	051920	5,652	-	4,516	1,136	1,136	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	061920	2,824	-	-	2,824	2,824	-
Child Care Food Program - Cash in Lieu of Commodities	10.558	052010	1,344	470	788	556	242	156
Child Care Food Program - Cash in Lieu of Commodities	10.558	062010	260	-	-	260	260	-
			10,080	470	5,304	4,776	4,462	156
Total U.S. Department of Agriculture			720,204	470	306,820	413,384	413,070	156
U.S. Department of Education								
Passed through Michigan Department of Education								
Adult Basic Education	84.002	051130511025	11,000	1,000	11,000	1,000	-	-
Adult Basic Education	84.002	051130611026	2,200	-	-	-	2,200	2,200
Adult Basic Education	84.002	061130611026	8,800	-	-	8,000	8,800	800
			22,000	1,000	11,000	9,000	11,000	3,000
Freedom to learn	84.318		2,000	-	-	2,000	2,000	-
Title I - Part A	84.010	0615300506	501,067	-	-	412,008	501,067	89,059
Title I - Part A	84.010	0515300405	501,067	76,985	501,067	76,985	-	-
			1,002,134	76,985	501,067	488,993	501,067	89,059
Passed Through the Intermediate School District								
Drug Free Schools and Communities	84.186	0528600405	7,301	(3,665)	3,636	-	3,665	-
Drug Free Schools and Communities	84.186	0528600506	3,783	(3,783)	-	-	500	(3,283)
Drug Free Schools and Communities	84.186	0628600506	6,848	-	-	6,848	-	(6,848)
			17,932	(7,448)	3,636	6,848	4,165	(10,131)
Elementary School Counseling	84.215	Q215E030180-05	160,820	-	-	44,635	92,941	48,306
Elementary School Counseling	84.215	Q215E030180-04	160,254	28,722	68,011	120,965	92,243	-
			321,074	28,722	68,011	165,600	185,184	48,306

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Alma Public Schools
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2006

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Approved Award Amount	Accrued (Deferred) Revenue July 1, 2005	Prior Year Expenditures	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue June 30, 2006
U.S. Department of Education (continued)								
After School Learning Centers	84.287	S287B011344-04	\$ 348,765	\$ 8,806	\$ 340,693	\$ 8,806	\$ -	\$ -
Title V	84.298	0502500405	12,258	6,262	8,877	6,262	3,381	3,381
Title V	84.298	0602500506	4,261	-	-	2,969	4,261	1,292
			16,519	6,262	8,877	9,231	7,642	4,673
Technology Literacy Challenge - Title II Part D	84.318	0542900405	12,734	1,947	8,298	1,947	1,130	1,130
Technology Literacy Challenge - Title II Part D	84.318	0642900506	9,348	-	-	8,016	8,371	355
			22,082	1,947	8,298	9,963	9,501	1,485
Comprehensive school reform	84.332	0418700405	82,159	4,456	82,159	4,456	-	-
Comprehensive school reform	84.332	0518800506	90,675	-	-	52,861	56,134	3,273
			172,834	4,456	82,159	57,317	56,134	3,273
Improving teacher quality	84.367	0505200405	145,142	40,952	145,142	40,952	-	-
Improving teacher quality	84.367	0505200506	8,932	-	-	8,932	8,932	-
Improving teacher quality	84.367	0605200506	153,643	-	-	97,398	147,858	50,460
			307,717	40,952	145,142	147,282	156,790	50,460
IDEA service provider	84.027	060440	3,830	-	-	-	870	870
Homeland Security Grant	97.004		8,004	-	-	8,004	8,004	-
Total U.S. Department of Education			2,244,891	161,682	1,168,883	913,044	942,357	190,995
U.S. Department of Health and Human Services								
Passed Through Intermediate School District								
Administration Outreach	93.576		17,083	-	-	17,083	17,083	-
Total Federal Awards			\$ 2,982,178	\$ 162,152	\$ 1,475,703	\$ 1,343,511	\$ 1,372,510	\$ 191,151

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

Alma Public Schools
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2006

1. The Schedule of Expenditures of Federal Awards was prepared using the accrual basis of accounting.
2. Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports that have been submitted as of June 30, 2006.
3. The Federal amounts reported on the Form R-7120 "Grant Sections Auditor's Report" are in agreement with the Schedule of Expenditures of Federal Awards.
4. The amounts reported on the Recipient Entitlement Balance Report agree with the Schedule of Expenditures of Federal Awards for U.S.D.A. donated food commodities.

Alma Public Schools
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006
(continued)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

There were no findings or questioned costs for the year ended June 30, 2006.

Section III - Federal Awards Findings and Questioned Costs

There were no findings or questioned costs for the year ended June 30, 2006.

Alma Public Schools
Summary Schedule of Prior Audit Findings
June 30, 2006

There were no findings or questioned costs for the year ended June 30, 2005.